



SOLID 2016 RESULTS NEW PATHS FOR DEVELOPMENT AHEAD FOR CARREFOUR, THE REFERENCE IN FOOD RETAIL

2016 key highlights

- **Increase in net sales:** +2.7% at constant exchange rates to €76.6bn
Good performance in food in all countries; Excellent sales growth in Brazil and continued positive momentum in Europe
- **EBITDA¹ of €3,886m, ROI of €2,351m**, in line with expectations; operating margin holds up well at 3.1%
Strong increase in other European countries and continued excellent momentum in Brazil
- **Adjusted net income, Group share** of €1,031m
- **Financial targets achieved**
Free Cash Flow, excluding exceptional items, above €1bn, up 9.2% and slight reduction in net debt to €4.5bn
- **Multiformat and omnichannel expansion**
871 store openings under banners in 2016; Deployment of new e-commerce websites and apps for food or non-food in all countries
- **Proposed dividend:** €0.70, in cash or shares

(1) Recurring operating income before amortization and depreciation (including logistics amortization)

2017 priorities & objectives

- Comfort Carrefour's position as the reference in food retail
- Continue to deploy the multiformat and omnichannel model to benefit our clients
- Grow sales by 3% to 5% at constant exchange rates
- Maintain financial discipline: Capex of €2.4bn excluding Cargo Property and increase in free cash flow
- Planned listing of Carrefour's activities in Brazil and of Carmila, market conditions permitting

Georges Plassat, Chairman and Chief Executive Officer of Carrefour, declared:

"Carrefour emerges from 2016 a stronger company. The increase in sales, for the fifth consecutive year, attests to the relevance of our multiformat and omnichannel model, which is now a reality in all our countries. In 2017, Carrefour will continue to expand in all its formats, stores and digital, to enhance its proximity to its clients. Carrefour is resolutely the reference in food retail, anticipating trends, thus opening new paths for development and growth. Innovation, the pursuit of operational excellence and strict financial discipline will support value creation."

2016 achievements in line with strategy

Carrefour, the reference in food retail, posted a strong performance in 2016.

Gross sales amounted to €85.7bn, up 3.3% excluding petrol at constant exchange rates. Sales grew both in Europe and in our international activities, reflecting the relevance of the predominantly food-based multiformat model.

In 2016, Carrefour continued its multi-format dynamic, which shifted the Group's center of gravity towards convenience formats, accelerating store openings, notably in Brazil, Spain, Poland and China. The group also continued its strategy of tactical acquisitions, in Romania with Billa stores and in Spain with selected Eroski stores. Lastly, in France, the transformation of the stores acquired from Dia was virtually completed, with a total of 622 stores converted to date to Carrefour banners. In addition, Carmila, of which Carrefour is the largest shareholder, continues to enhance the commercial sites adjacent to the Group's stores in France, Spain and Italy.

2016 was also marked by new advances in Carrefour's evolution towards an omnichannel approach. Indeed, thanks to the complementarity between its multiformat physical network and its e-commerce format, which is gaining strength, Carrefour multiplies opportunities to develop contacts with customers and sales, as part of its resolutely omnichannel approach. For example, in France, clients who use several Carrefour formats already account for half of the total number of clients and two-thirds of sales.

The rise of the omnichannel approach is supported by acceleration of digital:

- Gross Merchandise Volume in food and non-food amounts to €1.2bn in 2016. It should triple by 2020 to reach €4bn.
- Carrefour now has an online offer in all of its integrated countries, with in particular the launch in 2016 of a non-food offer in Brazil, a food offer in China and a marketplace in Spain;
- The Group made targeted acquisitions to accelerate the deployment of e-commerce activities, including Rue du Commerce and Greenweez, a site specializing in organic foods, in France.

Carrefour is also returning to a culture of innovation, be it in formats, concepts or products. Thus, sales of organic products throughout the world reached more than €1bn in 2016, up 32%.

Finally, in 2016, the Group continued its efforts to improve its operational efficiency, including the completion of the plan to integrate and optimize logistics in China and the continuation of the Caravelle project in France.

Key figures (€m)	2015	2016	Variation at constant exchange rates	Fx impact	Variation at current exchange rates
Net sales ex petrol	70,244	70,204	+3.3%	-3.4%	-0.1%
Net sales	76,945	76,645	+2.7%	-3.1%	-0.4%
Organic growth					+3.0%
Ebitda⁽¹⁾	3,955	3,886	-0.5%	-1.3%	-1.8%
Recurring Operating Income (ROI)	2,445	2,351	-3.2%	-0.6%	-3.8%
Adjusted net income, Group share	1,113	1,031			-7.4%
Free cash flow from continuing operations excluding exceptional items	951	1,039			+9.2%
Net debt at closing	4,546	4,531			-€15m
Net debt/ Ebitda	1.1x	1.2x			

(1) Recurring operating income before amortization and depreciation (including logistics amortization)

Total sales under banners including petrol reached €103.7bn in full-year 2016, up 2.1% at constant exchange rates.

Income statement

Carrefour posted full-year 2016 total net sales excluding petrol of €70,204m, up +3.3% at constant exchange rates and up +3.0% on an organic basis.

Operating margin held up well and stood at 3.1% in 2016 (vs 3.2% in 2015). **Recurring Operating Income (ROI)** stood at €2,351m, down -3.2% at constant exchange rates vs 2015.

Other European countries (ex France) posted a solid performance in 2016. ROI reached €712m, a sharp increase of + 25.7% at constant exchange rates. Operating margin increased by 70 bp to 3.5% of sales. This very good performance was largely driven by Spain's continued recovery, as well as improved profitability in Italy and Poland, where the Group has been constantly innovating for several years.

In **France**, in a difficult competitive environment, the Group continued to roll out its multi-format and omnichannel strategy with the completion of the transformation of DIA stores to Carrefour banners and the integration of Rue du Commerce. ROI totaled €1,031m and operating margin declined by 40 basis points to 2.9%.

In **Latin America**, ROI Increased by +3.7% at constant exchange rates in 2016 to €711m. Brazil posted a very good performance, with a marked improvement in profitability, illustrating the strength of Carrefour's multi-format model there. The macroeconomic situation in Argentina, notably very high inflation, continues to weigh on the country's profitability.

In **Asia**, ROI was -€58m. The strong growth of ROI in Taiwan was, as expected, more than offset by expenses related to the plan to transform our model in China, which continued during the year and whose first positive effects were reflected in our sales in the second half of 2016.

In 2016, **non-recurring income** was an expense of €372m, which notably includes reorganization costs in various countries, as well as a loss of €106m, the result of a change in tax legislation introduced at the end of 2016 relating to the tax on selling space in France (TaSCom). As a reminder, non-recurring income in 2015 was -€257m.

Net income from continuing operations, Group share, was €786m, including **stable financial expenses** at €515m and a **globally stable effective tax rate**.

Net income, Group share, stood at €746m. **Adjusted net income, Group share**, restated for exceptional items was €1,031m in 2016.

Cash flow and debt

In 2016, cash generation remained strong and principally resulted from the following elements:

- A sharp improvement in **gross cash flow** which reached €2,964m vs €2,733m in 2015;
- **Working capital requirements** represented an inflow of €351m vs €81m the previous year;
- Variation of **fixed-asset supplier payables** constituted an outflow of €78m and **business-related asset disposals** generated an inflow €118m;
- Continued **capex** of €2.5bn, excluding Cargo Property, to bring up to standards, modernize and develop our store network;
- Investments linked to Cargo Property for €249m (offset by capital increases subscribed to by the company's shareholders).

Adjusted for exceptional items and investments linked to Cargo Property, **free cash flow from continuing operations** reached €1,039m, sharply up vs 2015.

The Group's financial structure at December 31, 2016 remained very solid. **Net financial debt** decreased slightly to €4,531m (compared with €4,546m at December 31, 2015.) It includes in particular the increased cash flow generation, as well as acquisitions made in 2016 for €190m (Billa in Romania, acquisitions in the digital field in France).

2017 priorities

Carrefour comforts its position as the reference in food retail, relying on its expertise built over 50 years, its unique know-how in fresh and organic produce and mastery of the entire production chain.

The most multi-format distributor in the world, with a portfolio of countries chosen for their market dynamics, Carrefour continues to invest in expansion to enhance proximity to its clients. In 2017, the Group will open stores in all its formats, notably in convenience, at a steady pace.

Carrefour will continue in all countries the development of **e-commerce, conceived as a new format** in its own right, which will both increase its sales and dynamize its offer in non-food and services.

The omnichannel approach, based on better knowledge of the customer through the use of data, will allow Carrefour to increase average basket and traffic.

Carrefour disseminates a culture of innovation within headquarters and stores by constantly innovating in terms of concepts, products, services and formats.

Thanks to **better operational efficiency and strict financial discipline**, Carrefour is developing its model, which is resolutely focused on value-creation.

2017 targets:

- Growth in total sales of 3% to 5% at constant exchange rates
- Investments slightly down to €2.4bn excluding Cargo Property
- Continued increase in free cash flow excluding Cargo Property
- Planned listing of activities in Brazil and of Carmila, market conditions permitting

Agenda

- First quarter 2017 sales: April 13, 2017
- Annual Shareholders' Meeting: June 15, 2017

Contacts

Investor Relations

Mathilde Rodié, Anne-Sophie Lanaute and Louis Igonet

Tel : +33 (0)1 41 04 28 83

Shareholder Relations

Tel : 0 805 902 902 (toll-free in France)

Group Communication

Tel : +33 (0)1 41 04 26 17

APPENDIX

2016 net sales and Recurring Operating Income by region

(in €m)	Net sales					Recurring Operating Income			
	2015	2016	Organic growth ¹	Variation at constant exchange rates	Variation at current exchange rates	2015	2016	Variation at constant exchange rates	Variation at current exchange rates
France	36,272	35,877	-0.9%	-1.1%	-1.1%	1,191	1,031	-13.4%	-13.4%
Other European countries	19,724	20,085	+2.2%	+2.3%	+1.8%	567	712	+25.7%	+25.5%
Europe	55,996	55,962	+0.3%	+0.1%	-0.1%	1,758	1,743	-0.8%	-0.9%
Latin America	14,290	14,507	+16.2%	+16.0%	+1.5%	705	711	+3.7%	+0.9%
Asia	6,659	6,176	-3.8%	-3.6%	-7.3%	13	(58)	n/a	n/a
Emerging Markets	20,949	20,683	+9.6%	+9.8%	-1.3%	718	653	-7.0%	-9.0%
Global functions						(31)	(45)		
TOTAL	76,945	76,645	+3.0%	+2.7%	-0.4%	2,445	2,351	-3.2%	-3.8%

¹ Ex petrol and ex calendar

Consolidated income statement

<i>(in €m)</i>	2015	2016
Net sales	76,945	76,645
Net sales net of loyalty program costs	76,393	76,054
Other revenue	2,464	2,720
Total revenue	78,857	78,774
Cost of goods sold	(60,838)	(60,789)
Gross margin from recurring operations	18,019	17,985
SG&A	(14,105)	(14,147)
Recurring operating income before D&A (EBITDA)¹	3,955	3,886
Depreciation and amortization	(1,470)	(1,487)
Recurring operating income (ROI)	2,445	2,351
Net income from companies accounted for by the equity method	44	(36)
Non-recurring income and expenses	(257)	(372)
EBIT	2,232	1,943
Financial expense	(515)	(515)
Income before taxes	1,717	1,428
Income tax expense	(597)	(494)
Net income from continuing operations	1,120	934
Net income from discontinued operations	4	(40)
Net income	1,123	894
Of which Net Income – Non-controlling interests (NCI)	143	148
Net income, Group share, adjusted for exceptional items	1,113	1,031

¹ Recurring operating income before amortization and depreciation (including logistics amortization)

Consolidated balance sheet

<i>(in €m)</i>	December 31, 2015	December 31, 2016
ASSETS		
Intangible assets	9,510	9,906
Tangible assets	12,071	13,406
Financial investments	2,725	2,871
Deferred tax assets	744	829
Investment properties	383	314
Consumer credit from financial-services companies – long-term	2,351	2,371
Non-current assets	27,784	29,697
Inventories	6,362	7,039
Trade receivables	2,269	2,682
Consumer credit from financial-services companies – short-term	3,658	3,902
Tax receivables	1,168	1,044
Other receivables	705	907
Current financial assets	358	239
Cash and cash equivalents	2,724	3,305
Current assets	17,245	19,117
Assets held for sale	66	31
TOTAL	45,095	48,845
LIABILITIES		
Shareholders' equity, Group share	9,633	10,426
Minority interests in consolidated companies	1,039	1,582
Shareholders' equity	10,672	12,008
Deferred tax liabilities	508	543
Provisions for contingencies	3,014	3,064
Borrowing – Long-term	6,662	6,200
Bank loans refinancing – long-term	1,921	1,935
Non-current liabilities	12,106	11,742
Borrowings – short-term	966	1,875
Trade payables	13,648	15,396
Bank loan refinancing – short-term	3,328	3,395
Tax payables & others	1,097	1,260
Other debts	3,244	3,153
Current liabilities	22,282	25,079
Liabilities related to assets held for sale	34	16
TOTAL	45,095	48,845

Consolidated Cash Flow Statement

<i>(in €m)</i>	2015	2016
NET DEBT OPENING	(4,954)	(4,546)
Gross cash flow	2,733	2,964
Change in working capital	81	351
Impact of discontinued activities	3	(11)
Cash flow from operations	2,818	3,305
Capital expenditure (excluding Cargo)	(2,378)	(2,492)
Net capital expenditure (Cargo)	-	(249)
Change in net payables ro fixed asset suppliers (inc. receivables)	136	(78)
Asset disposals (business-related)	104	118
Impact of discontinued activities	7	0
Free Cash Flow	687	603
Free Cash Flow excluding Cargo	687	852
Financial investments	(85)	(190)
Disposals	109	45
Others	(28)	(25)
Discontinued activities	0	16
Cash Flow after investments	682	449
Dividends/Capital increase	(474)	48
Acquisition and disposal of investments without change in control	208	(40)
Treasury shares	384	30
Cost of net financial debt	(347)	(377)
Others	(44)	(95)
Discontinued activities	0	0
NET DEBT CLOSING	(4,546)	(4,531)

Change in Shareholders' Equity

<i>(in €m)</i>	Total shareholders' equity	Shareholders' equity, Group share	Minority interests
At December 31, 2015	10,672	9,633	1,039
Total comprehensive income for 2016	894	746	148
2015 dividend	(247)	(121)	(126)
Impact of scope changes and others	689	168	521
At December 31, 2016	12,008	10,426	1,582

Net income, Group share, adjusted for exceptional items

<i>(in €m)</i>	2015	2016
Net income from continuing operations, Group share	977	786
Restatement for non-recurring income and expenses (before tax)	257	372
Restatement for exceptional items in net financial expenses	65	30
Tax impact ¹	(159)	(179)
Restatement on share of income from minorities and companies consolidated by the equity method	(27)	22
Adjusted net income, Group share	1,113	1,031

Dividend payment procedure

The ex-dividend payment date has been set at June 21, 2017. The period during which shareholders may opt for the dividend payment in cash or shares will begin on June 21, 2017 and end on July 4, 2017 included. Payment of the cash dividend and settlement of the stock dividend will occur on July 13, 2017.

¹ Tax impact of restated items (from non-recurring income and expenses and financial expenses) and non-recurring tax items

Definitions

Organic sales growth

Like for like sales growth plus net openings over the past twelve months, including temporary store closures, at constant exchange rates.

Gross margin

Gross margin is the difference between the sum of net sales, other income, reduced by loyalty program costs and the cost of goods sold. Cost of sales comprises purchase costs, changes in inventory, the cost of products sold by the financial-services companies, discounting revenue and exchange-rate gains and losses on goods purchased.

Recurring Operating Income (ROI)

Recurring Operating Income is defined as the difference between gross margin and sales, general and administrative expenses, depreciation and amortization.

Recurring Operating Income Before Depreciation and Amortization (EBITDA)

Recurring Operating Income Before Depreciation and Amortization (EBITDA) excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below.

Operating Income (EBIT)

Operating Income (EBIT) is defined as the difference between gross margin and sales, general and administrative expenses, depreciation, amortization and non-recurring items

Non-recurring income and expenses are certain material items that are unusual in terms of their nature and frequency, such as impairment, restructuring costs and expenses related to the revaluation of preexisting risks on the basis of information that the Group became aware of during the accounting period.

Free cash flow

Free cash flow is defined as the difference between funds generated by operations (before net interest costs), the variation of working capital requirements and capital expenditures.

Disclaimer

This press release contains both historical and forward-looking statements. These forward-looking statements are based on Carrefour management's current views and assumptions. Such statements are not guarantees of future performance of the Group. Actual results or performances may differ materially from those in such forward-looking statements as a result of a number of risks and uncertainties, including but not limited to the risks described in the documents filed with the Autorité des Marchés Financiers as part of the regulated information disclosure requirements and available on Carrefour's website (www.carrefour.com), and in particular the Annual Report (Document de Référence). These documents are also available in English on the company's website. Investors may obtain a copy of these documents from Carrefour free of charge. Carrefour does not assume any obligation to update or revise any of these forward-looking statements in the future.